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ECONOMIC INTELLIGENCE COMMITTEE

Control No. 460406
EIC-M-57
28 November 1956

Minutes of Meeting Held in
Room 1121, Temporary M Building
26th Street and Constitution Avenue, N. W.

20 November 1956

PRESENT

25X1A9a Dr. Otto E. Guthe, CIA, Chairman
[REDACTED], CIA, Vice Chairman
Col. Joseph Brewer, Department of the Air Force
Col. Robert Brewer, Department of the Army
Mr. Gustave Burmeister, Department of Agriculture
Mr. Bennett V.S. Davis, Department of the Navy
Mr. Edward Doherty, Department of State
Mr. John Easton, Joint Staff
Mr. Jerome Forrest, International Cooperation Administration
Mr. Philip Habib, Department of State
Mr. Kingsley Hamilton, Department of the Air Force
Cdr. Robert Hawthorne, Department of the Navy
Dr. Norris G. Kenny, Office of the Secretary of Defense
25X1A9a [REDACTED], CIA
Mr. Emil Schnellbacher, Department of Commerce
Mrs. Doris Whitnack, Department of State
25X1A9a [REDACTED], EIC, Principal Staff Economist
25X1A9a [REDACTED], EIC, Executive Secretary

APPROVAL OF MINUTES

1. The minutes of the EIC meeting of 7-8 August 1956 were approved.

ANNOUNCEMENTS OF CHAIRMAN:

2. The Chairman pointed out that it had been some time since the EIC had met, and that two new members were present for the first time. He thought it appropriate, therefore, to report the following interim developments:

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a. Annual Report

The Fifth Annual Report of the EIC was noted by the IAC on 19 September 1956.

b. National Intelligence Objectives

The EIC-prepared statement of Priority National Economic Intelligence Objectives, which had been based on DCID 4/5 and which had been approved by the EIC at its last meeting (7 August 1956), was approved by the IAC on 21 August 1956. Since that time a new statement of Priority National Intelligence Objectives, DCID 4/6, has been approved by the IAC (30 October 1956). This makes appropriate certain minor revisions in the statement of Priority National Economic Intelligence Objectives just approved last August.

Action: The EIC approved the Chairman's suggestion that the Secretariat undertake to draft a revised statement of Priority National Economic Intelligence Objectives to take account of changes between DCID 4/5 and DCID 4/6. This Secretariat draft will then be reviewed by members of the EIC "ad hoc" working group which coordinated the previous paper — after which it will be submitted to the EIC.

c. EIC-RI-S5

The US unilateral report on "Communist China's Imports and Exports, 1955: Trade and Transport Involved" (EIC-RI-S5) was approved on 19 September by the IAC, [REDACTED]

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[REDACTED] The EIC, by interim action, on 15 November approved distribution of the finished report to OCB, MDAC/EDAC, and CFEP. The printed report is expected to be available for distribution in early December.

d. Special "Suez Canal" Survey

As instructed by the EIC members (following the meeting of 8 August 1956) a "Special Survey Listing of Internal and External Economic Research Relating to Current Suez Canal Issues" (EIC-S-26) was prepared by the EIC Secretariat, and distributed on 12 September 1956 to the EIC representatives of the IAC agencies and of the Export-Import Bank.

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e. Biweekly Working Group Report

The EIC Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas has now published 20 issues of its biweekly report. Both the biweekly and quarterly publications of this working group have been approved for release to the three special US Government groups studying US foreign aid policies (a subcommittee of the House Foreign Affairs Committee, a subcommittee of the Senate Foreign Relations Committee, and the Fairless Committee established by the President). So far, in response to requests, the background report in the quarterly series (EIC-R-14) has been supplied to the House and Fairless groups, and the biweekly series to the House subcommittee.

The Chairman stated that he had had a number of indications that this series of reports was being generally well-received, and he inquired as to what indications other members might have had. The representative of the Department of State reported that inquiries addressed to many Foreign Service posts had brought a universally favorable reaction. A number of the other EIC representatives also commented on the value of this series of intelligence reports — particularly the representatives of the Department of Commerce and of ICA.

f. NIE 11-1-57

An "Ad Hoc" EIC Working Group on NIE 11-1-57, "Sino-Soviet Bloc Air Defense Capabilities through Mid-1962," was established on 18 October 1956 by interim action. This working group will coordinate the CIA/ORR contribution called for under Step 3 (economic impact) of the Terms of Reference (TS) of this NIE.

g. External Research Contracts

Three external research projects (two of them sponsored by Air Force and one by CIA) have recently been submitted to the EIC for review in accordance with DCID 15/1. The CIA-sponsored project has been reviewed by the Subcommittee on General Economic Analysis, and its favorable comment was concurred in by interim action of the EIC on 18 October 1956. Comments on the two Air Force projects had been received from the subcommittees concerned, but have not yet been acted on by the EIC.

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h. EIC Research Aid

The Chairman called attention to an annotated listing of "Key Personnel Concerned with Research and Production in the Electrotechnical Industry of the USSR," which was published as a research aid, in August, by the EIC Subcommittee on Electronics and Telecommunications.

SUGGESTIONS FOR FUTURE EIC CONSIDERATION:

3. Discussion

The representative of the Department of State raised two questions which he asked be placed on the agenda for a future meeting:

a. what is the function that should be performed by the EIC and its subcommittees in the review of proposed external research projects; and

b. in what manner should the EIC proceed in its examination of the work of individual subcommittees?

In regard to the first question, he felt that subcommittee reviews of proposed external research projects in some instances were not sufficiently critical to provide adequate recommendations to the initiating agency. Concerning the second, he recalled that the EIC had initiated an examination of subcommittees but that this work had not been continued by the EIC as planned.

4. Action

The Chairman stated, and the Committee agreed, that these two questions would be taken up at a future meeting. The Chairman requested the Secretariat to develop procedures for an orderly examination of subcommittee activities.

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EIC-R14-S1

5. Discussion

The Chairman commented that the present report seemed a marked improvement over the earlier "background" paper (EIC-R-14). The summary section, in particular, seemed directly and clearly expressed. Although a number of minor editorial improvements were still needed, he suggested that most of these be left to the EIC Secretariat in consultation with the officers of the working group, and that the report, in substance, be approved at this time. The Chairman, however, mentioned several specific modifications to which he believed the Committee's attention should be drawn; and the representative of the Department of State and several other representatives raised additional points. The members expressed general agreement with each of these suggestions.

6. Action

The EIC approved the report, with the agreed minor changes, and authorized the Secretariat to make further editorial improvements prior to publication. All present expressed appreciation of the efforts of the working group, and the EIC officially commended the officers and members of this group, together with their supporting staffs, for their preparation of EIC-R14-S1.

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Executive Secretary

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